



OFFICE OF THE SECRETARY OF THE TREASURY  
WASHINGTON, D.C. 20220  
October 19, 1982

Executive Registry  
82-12037/B


NSC review completed - and takes no action on document

UNCLASSIFIED  
(WITH SECRET ATTACHMENT)

MEMORANDUM FOR THE VICE PRESIDENT  
THE SECRETARY OF STATE  
THE SECRETARY OF DEFENSE  
THE SECRETARY OF AGRICULTURE  
THE SECRETARY OF COMMERCE  
THE SECRETARY OF ENERGY  
THE DIRECTOR, OFFICE OF MANAGEMENT  
AND BUDGET  
CHAIRMAN, COUNCIL OF ECONOMIC ADVISORS  
ASSISTANT TO THE PRESIDENT FOR  
NATIONAL SECURITY AFFAIRS  
ASSISTANT TO THE PRESIDENT FOR  
POLICY DEVELOPMENT  
UNITED STATES TRADE REPRESENTATIVE  
✓ DIRECTOR OF CENTRAL INTELLIGENCE

SUBJECT Senior Interdepartmental Group on International  
Economic Policy (SIG-IEP)

Attached please find the minutes from the SIG-IEP meeting  
held October 15.

  
David E. Pickford  
Executive Secretary

Attachment

UNCLASSIFIED  
(WITH SECRET ATTACHMENT)



SENIOR INTERDEPARTMENTAL GROUP -- INTERNATIONAL ECONOMIC POLICY

October 15, 1982

3:00 p.m.

Roosevelt Room

NSC review completed - may be declassified in full

Attendees:

Treasury

Secretary Regan (Chairman)

Marc Leland

Energy

Henry Thomas

Dennis O'Brien

State

Allen Wallis

Richard McCormack

Office of the Vice President

Donald Gregg

Defense

Secretary Weinberger

Fred Ikle

OMB

David Stockman

Fred Khedouri

Agriculture

Richard Lyng

CEA

Martin Feldstein

Commerce

William Morris

OPD

Edwin Harper

Roger Porter

CIA

NSC

Henry Nau

Richard Levine

William Martin

USTR

Ambassador William E. Brock

Norman Bailey (Executive Secretary)

The Chairman opened the meeting with a discussion of swapping U.S. grain for oil for the strategic petroleum reserve (SPR), a proposal the President had asked the SIG-IEP to review last August. The United States Government holds approximately \$900 million worth of grain which it could offer to barter for oil for the SPR. The group concluded that while technically feasible, such barterers are unlikely to be economically advantageous to the United States because: (1) DOE's current acquisition plans and existing contracts leave little room for additional purchases in FY 73; (2) additional exports by Nigeria and/or Indonesia in the form of barter would reduce pressure on them to cut their prices; and (3) U.S. legislative requirements strictly limit the possibility of such trades. It was also noted that Indonesian oil is not of suitable quality for the SPR, although it might be attractive to private buyers. The possibility always exists of private sector counter-trade agreements involving the export of U.S. grain in exchange for commodities which private firms expect to sell at a profit. The Chairman said that the consensus of the

SECRET

Declassify on: OADR

SECRET

2

group was that the Government should not pursue barter arrangements as it is not apparent that barter arrangements would offer advantages that are not offered by conventional market operations.

The next agenda item was agricultural trade. Large crops, low farm income and subsidized EC exports have led to political pressure in the United States for U.S. export subsidies. The SIG-IEP heard Deputy Secretary Lyng and approved the recommended short term strategy presented which is to use \$100 million of the \$175 million authorized by the Omnibus Reconciliation Act of 1982 to promote exports. The remaining \$75 million will be set aside as a reserve. In addition, the Chairman concluded that we need a long term strategy. It was agreed that USDA, together with STR, would prepare a paper setting forth the long term strategy. This paper would be ready for IG review in the next four weeks and by the SIG-IEP after the GATT Ministerial. In the meantime, it was agreed that until a long term strategy is worked out no further new actions, such as further draw down of funds provided for in the Omnibus Reconciliation Act of 1982 or disposal at below cost of U.S. dairy stocks, would be taken.

SECRET

**EXECUTIVE SECRETARIAT****Routing Slip**

| TO: |           | ACTION | INFO | DATE | INITIAL |
|-----|-----------|--------|------|------|---------|
| 1   | DCI       |        |      |      |         |
| 2   | DDCI      |        |      |      |         |
| 3   | EXDIR     |        |      |      |         |
| 4   | D/ICS     |        |      |      |         |
| 5   | DDI       |        |      |      |         |
| 6   | DDA       |        |      |      |         |
| 7   | DDO       |        |      |      |         |
| 8   | DDS&T     |        |      |      |         |
| 9   | Chm/NIC   |        |      |      |         |
| 10  | GC        |        |      |      |         |
| 11  | IG        |        |      |      |         |
| 12  | Compt     |        |      |      |         |
| 13  | D/EE0     |        |      |      |         |
| 14  | D/Pers    |        |      |      |         |
| 15  | D/OEA     |        |      |      |         |
| 16  | C/PAD/OEA |        |      |      |         |
| 17  | SA/IA     |        | ✓    |      |         |
| 18  | AO/DCI    |        |      |      |         |
| 19  | C/IPD/OIS |        |      |      |         |
| 20  | W/O/ECON  |        | ✓    |      |         |
| 21  |           |        |      |      |         |
| 22  |           |        |      |      |         |

**SUSPENSE** \_\_\_\_\_  
Date \_\_\_\_\_

Remarks:

Executive Secretary

10/20/82

Date

NSC review completed - unredacted segments may be declassified

3037

STAT